To His Honor the Honorable

Donald Alexander Macdonald

Lieutenant Governor of Ontario,

May it please your Honor,

The undersigned, the Commissioners appointed by Your Honor under Commission having date the Twenty-first day of January 1876; to enquire into the financial affairs of the Corporation of the Town of Belleville and things connected therewith,

Have the Honor to report

- 1. That they met at Belleville on the Eighth day of February, 1876, for the purpose of making preparations for the discharge of their duties under the Commission,
- 2. A Consultation was had with such of the Municipal Officers as were accessible and also with a number of the prominent Citizens, the general course of proceedings settled, and the First day of March 1876 was appointed for entering upon the work of executing the Commission.
- 3. Public notice through the Town to newspapers was given of the time and place of such meeting, and information as well as co-operation was in and by the said notice requested from all parties interested in prosecuting the said enquiries or facilitating the work of the Commissioners,
- 4. In the said Notice the promoters of the



Commission and parties interested were requested if they so desired to appoint a Solicitor for the purpose of conducting the examination of witnesses and the preparation of evidence pertinent to the enquiry.

- 5. On the First day of March aforesaid the
  Commissioners met pursuant to the said
  Notice and again had consultation with a large
  number of the citizens of Belleville composed of
  the Councillors, ex-Councillors, Mayor, ex-Mayor,
  Auditors, ex-Auditors, Finance Committee and
  other Town officials touching the period of the
  Municipal history at which the enquiries
  should begin and over which they should extend.
- 6. The Commissioners found the prevalent and apparently unanimous opinion in Belleville to be that their chief work would consist in ascertaining the exact amount of the deficit alleged to exist in the accounts of the late Treasurer and in tracing the disposition if possible of the money by the disbursement of which the deficit had been caused.
- 7. The late Robert P. Davy had been appointed Treasurer on the Fourteenth day of August 1870, and held the office continually from that time up to his death on the First day of March 1875.
- 8. On the Eighth day of March 1875, Edward
  W. Davy a brother of the former Treasurer
  received the appointment and held it for three
  months when the present occupant Robert Tamahill
  was appointed to the Office.

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- 9. During the illness of the said R.P. Davy for nearly the whole month of February 1875, his Book-keeper James Quinn and his said brother Edward W. Davy acted for him, and in his stead performed the duties of Treasurer.
- 10. The said Edward W. Davy had shortly before his brother's said illness returned to Belleville from a somewhat protracted absence in the United States and had no personal knowledge of the Treasury Affairs during such absence and on the First day of June 1875 the said James Quinn whose knowledge as the confidential Book-keeper of R.P. Davy would doubtless have been most valuable suddenly died without any premonition of his decease.
- 11. The Auditors for the year 1875 appointed to audit the Town accounts for 1874 had not, owing to the Treasurer's illness begun their investigation during his life and upon the representation of his successor that the Books were not entirely written up to the end of 1874, they did not in fact commence their work until the early part of May 1875.
- 12. Upon the arranging of their balances for the year 1874 they found a deficiency in the Treasurer's cash to the amount as they discovered of the sum \$15,517.73 and also discovered that erasures and alterations had been made of figures in the Ledger, Cash and non-resident Taxes accounts whereby the amount at the debit of Cash for the year was diminished by \$15,000 and the amount at the credit of non-resident Taxes was increased by a like sum.



- 13. Upon reporting these discoveries to the Finance Committee the Auditors were directed to continue their investigation to the time of R.P. Davy's death and thenceforward to the end of E.W. Davy's term of Office all of which the said Auditors performed and made their final Report upon all the said \_\_\_\_\_\_ matters on the Thirtieth day of August 1875.
- 14. In their Report the said Auditors found that the deficit had increased and that R.P. Davy at the time of his death was in default in the sum of \$23,023.02.
- 15. This apparent deficit in fourteen months was so large in proportion to the annual revenue of the Town that it was urged upon the consideration of the Commissioners either that the defalcation had begun in previous years or that the alleged amount was inaccurate and too large.
- 16. In view of all the circumstances and in conformity with the general tenor of the opinion at the meeting, in the Fifth paragraph of this Report mentioned, the Commissioners decided to begin their enquiry with the advent of R.P. Davy to office as Treasurer, and to make a careful audit of the Town accounts from that point to the close of the year 1875.
- 17. Having thus decided as to their future labors the Commissioners began without further delay the work of such an audit by carefully verifying as far as possible each item of revenue by tracing its source and amount and each item



of expenditure by finding the authority for the payment, the amount to be paid, and the voucher for the amount actually disbursed, and in their prosecution of this part of their work, the Commissioners have exercised what they consider to be a right incident to the discharge of their functions and have therefore explained not only as to what has been from time to time actually received and actually paid out, but also as to what ought to have been received and ought to have been paid out by the Treasurer.

- 18. In the prosecution of their work in thus examining accounts the Commissioners spent the said month of March.
- 19. Shortly after the Commissioners had begun their said audit they were form—ally notified by the Clerk of the Municipality that the council had appointed L.H. Henderson Esq. Town Solicitor to act as Solicitor in prose—cuting the enquiry before the Commissioners and on the following day they received a communication signed by the Chairman and Secretary of a Public Meeting of the Citizens of Belleville and enclosing a Resolution which purported to have been passed at such meeting whereby Allan R. Dougall, Esq., was appointed as Solicitor for the purposes aforesaid.
- 20. On the Second day of May 1876, the
  Commissioners again met and continued
  their investigations up to the Twenty-seventh
  day of that month.
- 21. On the Fifteenth day of August following



the Commissioners again met and continued their investigations up to the Twenty-Sixth day of that month.

- 22. On the Twenty-eighth day of November following the Commissioners again met and continued their investigations up to the Ninth day of December following.
- 23. On the Sixteenth day of January 1877
  the Commissioners again met for the
  examination of witnesses and proceeded with
  such examination up to the Third day of
  February following during nearly all of
  which period the Commissioners were favored
  with the professional assistance of Messrs
  Dougall and Henderson.
- 24. On the Twenty-first day of February
  1877, the Commissioners again met for
  the purpose of examining further witnesses and
  otherwise prosecuting their enquiries and for Six
  days continued the examinations of witnesses
  during the greater portion of which said last-men-tioned time Messrs Henderson and Dougall were
  also present and rendered active assistance. The
  investigation continued up to the Tenth day of March
  following.

#### Revenue

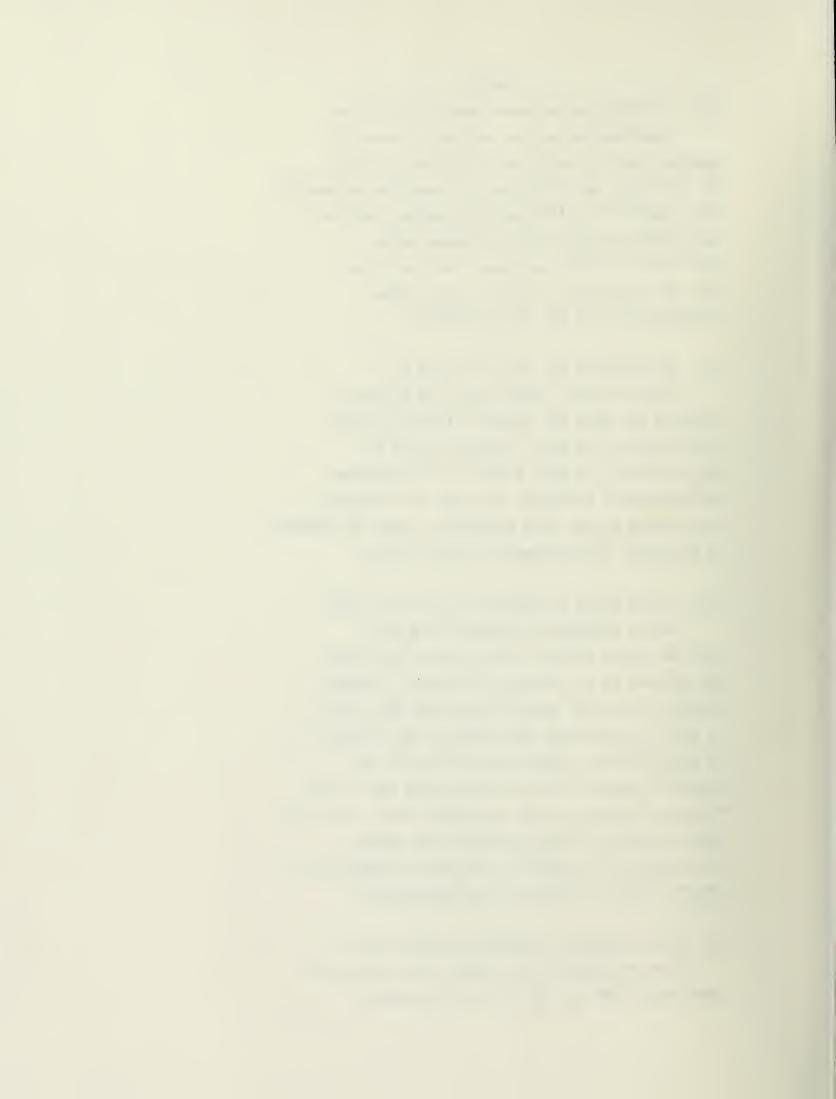
25. Those branches of Revenue upon which we desire to remark may for convenience be grouped under the respective titles of Taxes, Miscellaneous Licenses, Police, and Bank Accommodation.



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Taxes

- 26. It will also be convenient to begin the consideration of the subject of taxes by stating that for many years previous to 1865,
  Mr. John Kerr was Collector of taxes for Belleville, that from 1865 to 1868 both inclusive, the Town was divided between him and Dunham Acker——man for collection purposes, and that from 1869 to the present time the said Dunham Ackerman has been the sole collector.
- 27. The practice has been, to open an account in the Ledger with the Collector charging him with the yearly Collector's Roll and crediting him with the moneys paid by him on account of such Rolls to the Treasurer, and ultimately crediting him with the accounts uncollected either from remissions, want of property to distrain, non-residence or other cause.
- 28. Of the Rolls so charged to the said John
  Kerr a considerable number have upon
  them no return whatever, very few of them have
  any entries in the margin of the Roll, showing
  whether or not the amounts have been paid, and
  in order to ascertain the state of his account
  as such collector resort must be had to the
  aggregate amount of the credits given him by the
  Treasurer either for any particular year or for the
  whole account and such aggregate set against
  the amount of the Roll for the year or against the
  amount of all the Rolls as the case may be.
- 29. In the Ledger an amount of \$5724.45 has been standing to the debit of the said John Kerr since 1869, and in all the subsequent



Auditors Reports this sum is carried as an asset of the Town. We find that this amount is made up of the following items.

Arrears of Taxes	1858	\$1633.86
11	1859	1225.35
11	1860	429.65
11	1861	1711.84
11	1866	723.73
		\$5724.43

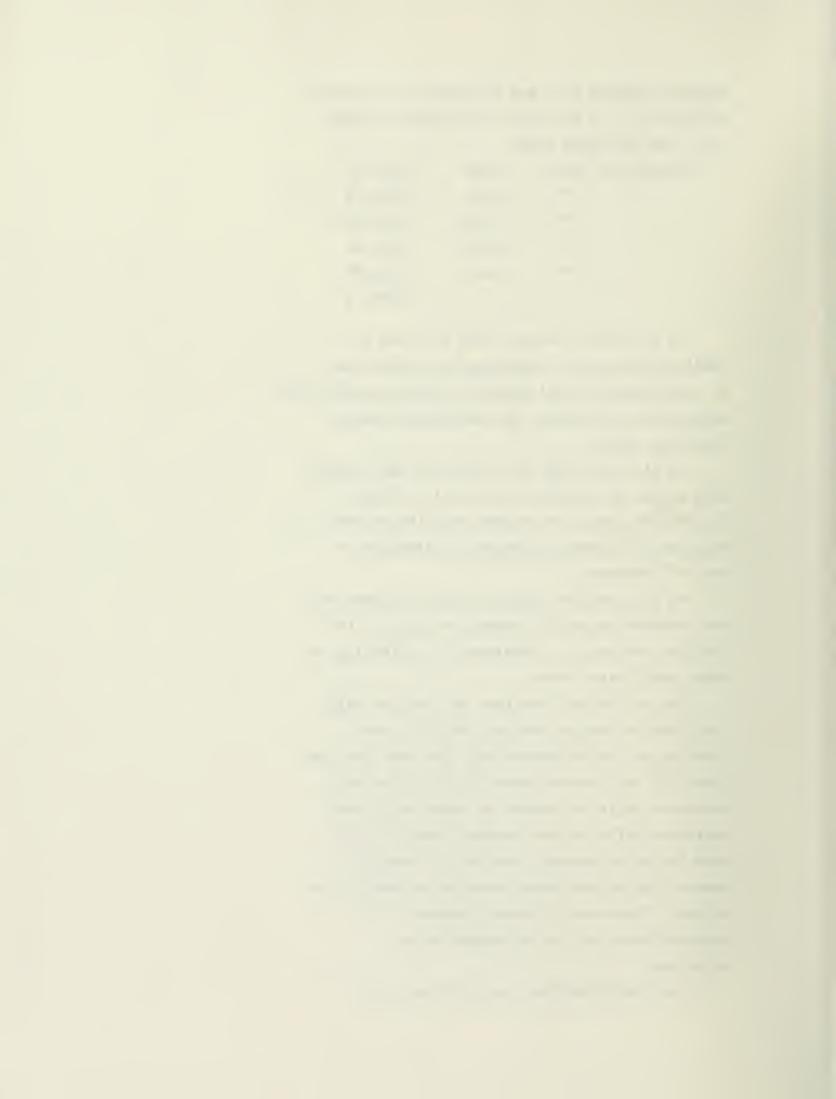
We find that the said John Kerr has had credit given him for Remissions and Commission or per centage on collections for 1868 and 1869, but has received no credits for uncollected taxes for these years.

We also find that the said John Kerr should have credit on account of the Roll of 1860, for \$521.92 being the amounts uncollected for that year for want of property to distrain or want of residence.

We find further that the said John Kerr has not received credit on account of the Roll for 1861 for Remissions, commission on collection, or other uncollected taxes.

And We further find that in 1866 the said
John Kerr is charged not only with his pro-portion of the Collectors Roll for that year but
also with the further sum of \$1073.75 for Non-Resident Rolls on account of which said last
mentioned Rolls he has received credit for \$300
paid by him on account, and for all that ap-pears, the balance would seem to be uncollected,
although from want of proper returns, it is
impossible now to fix the amount in any
other way.

We think therefore that in view of the



foregoing circumstances and lapse of time, the said charge against the said John Kerr has little or no value as an asset and might with propriety be written off.

30. We find standing in the Ledger at the debit of the said Dunham Ackerman on the Thirty-first day of December 1875 the sum of \$116,837.01 and upon examin—ation of his account of which this sum is the debit balance, we find that in addition to the yearly Collector's Rolls he was charged under the titles of Back—Taxes and Non—Resident Taxes, the same being really the amounts on the Lists of lands liable to be sold for taxes and returned as occupied

In	1870,	the sum	of	\$11,645.72
In	1871,	11	11	14,110.60
In	1872,	11	11	16,668.64
				\$42,424.96

On account of these sums he has received credit for collections made by him and entered as "Non-Resident Taxes" although he seems never to have had possession of the Lists, in all the sum of \$1046.85, leaving a balance still at his debit on account of such Lists of \$41,378.11.

On the 29 day of December 1874, the following entry appears in the Journal. "Cash D to Syndries

- D. Ackerman, taxes 1874 \$1784.25" and On the 2 day of January 1875, the following entry also appeared in the Journal, "Cash D to Sundries
- D. Ackerman, taxes 1874 \$1784.25"

  And both these items are carried to the debit of cash and to the credit of Ackerman in the usual way.

We find that the entry on the 2 January

1875 is an error and the sum therein mentioned
was neither received by the Treasurer nor paid by
the Collector but is a repetition on that day of the



entry previously made on the 29 December of the previous year.

The present Collector has made no formal return of his Rolls since 1872. The Rolls for 1873 and 1874 are however in the Treasurer's Office with an informal return accompanying each of them. The Roll of 1875is still in the Collector's hands.

Eliminating from the said Dunham
Ackerman's account the items of Non-Resident
Taxes improperly charged to him rectifying the
error we have mentioned and carrying to his
credit the Remissions, Commission for collections
and the uncollected taxes for want of property
to distrain and want of residence, we find that
the amount properly at his debit on the Thirty
first day of December 1875 should be \$70,974.63
made up as follows,

To Amt. now at debit \$116,837.01

"Amt. of Cr. in error on
nd
2 January 1875

\$118,621,26

Cr. By Remissions and uncollected for 1873. \$1,651.71

" Commission for 1873. 1.387.50

" Remission and uncollected for 1874 1,785.07

" Commission for 1874. 1,444.24

" Bal. Non-Residents Rolls

Uncollected 41,378.11=\$47,646.63 \$70,974.63

31. An objectionable practice has for sometime past prevailed of allowing the Collector to retain the Rolls for several years without making

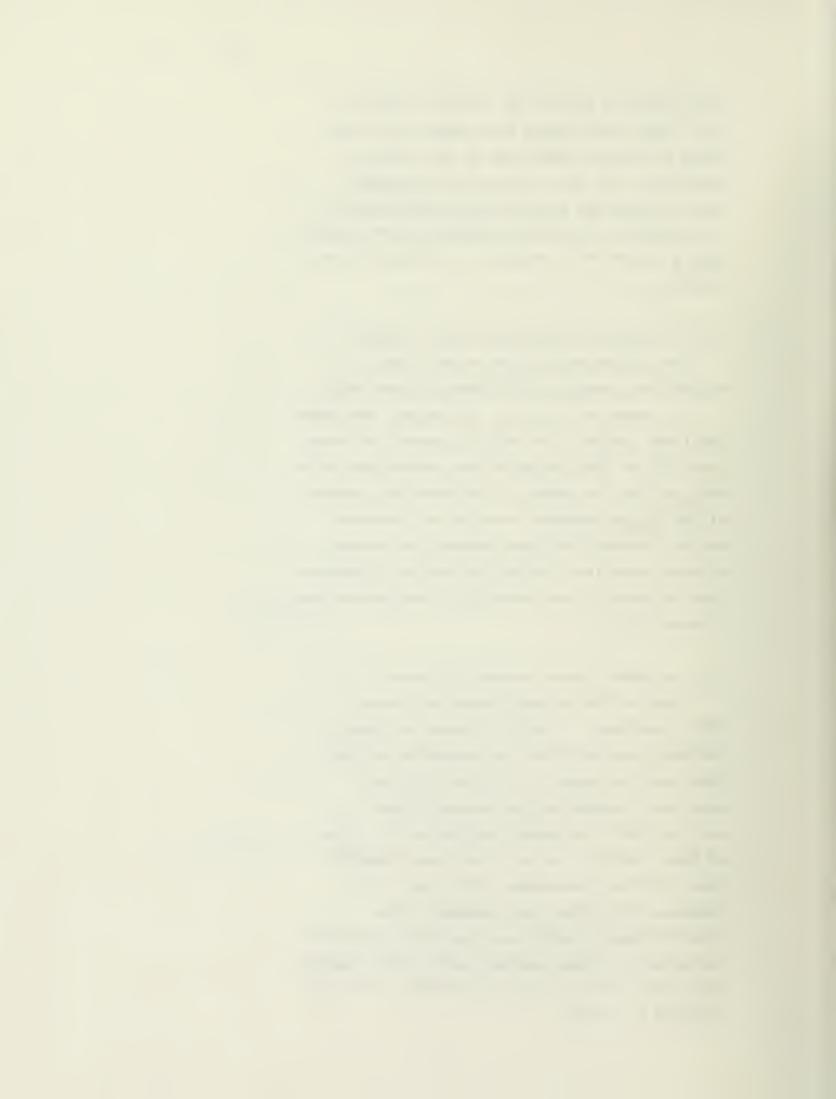


any return and thus he has had the Rolls for two, three, and perhaps four years, all in his hands at the same time, and it can easily be understood that such a practice has produced much irregularity and confusion respecting such of the taxes to which the Collectors have finally made a return of no property to distrain or Non-Resident.

32. No more unsatisfactory subject engaged our attention than the vacant lands, or as they are commonly called Non-Resident Taxes.

By virtue of an Act of the Ontario Parliament the lands liable to be sold for arrears of taxes from 1852 to 1866 inclusive were advertized to be sold in 1869, but owing to the unreliable nature of the alleged arrears the sale was abandoned and only so much has been received on account of such advertized list as the parties interested have voluntarily paid reducing the aggregate sum to about \$5000.

Land or Non-Resident Taxes has, since
1869, been kept. No sale of lands for taxes
has ever been had since the separation of the
Town from the County. We do not find that
since such separation the Assessors have
as a rule made the proper entries on the lists
of lands liable to be sold for taxes furnished
them with their Assessment Rolls, and in the
instances where they have entered in the
proper Column of such Lists the word "occupied"
the arrears of taxes against such lands so marked
have never been put upon the Collector's Roll as
required by Statute.



- 34. The neglect of, and non compliance with, by the Assessors, Clerk, and Treasurer, or some one or more of these Officers, the Statutory requirements preliminary to a sale of lands for taxes in addition to the delay of the Collector in returning his Rolls, have each year precluded such a sale, and have year by year continuously kept the vacant Lands or Non-Resident Taxes which otherwise might, and ought to have been, annually an available and valuable asset in abeyance, thereby making it of comparatively little value while in suspense and exposing a considerable portion of it to the danger of ultimate loss.
- 35. No percentage account on these taxes in arrear has been kept in the Ledger and from the irregularities above mentioned such an account must even had it been attempted, have been inaccurate and of little importance.

The Treasurers however have kept what is called a "Vacant Land Taxes Book" in which these taxes are supposed to be, and a large proportion appear to be entered to the end of the year 1874, and upon the taxes so entered the percentage has been added annually so far as the entries extend.

- 36. It is shown by evidence taken before us, that upon many of the lands, against which these taxes stand alleged, are valuable buildings which have been occupied for several, and in some instances for many years past.
- 37. We have found much difficulty in



dealing with this subject and do not now profess to have made an accurate examination of all its details, for the reason, that such an analysis in its present disjointed, intricate, and confused state, would necessarily extend our already protracted investigation to an unreasonable length and without yielding any compensating result.

- 38. The voluntary payments made annually on account of these taxes including percentage accrued on arrears is a considerable source of revenue and for any given series of years would equal if not exceed the additions properly to be carried to the account for the same years.
- 39. We submit the following as the basis of a statement of these taxes as we make them by taking the amount from the Vacant Land Taxes Book with the percentage to the end of 1873 and adding to that sum the taxes assessed against vacant lands without reference to the Collector's Roll for the years 1874 and 1875 and crediting the amounts rece—ived on account of these taxes from all sources since 1873.

Vacant Land Taxes To Amt. of arrears to 31 December 1873 \$26,724.45 Assessed for 1874 645.29 Assessed for 1875 1080.87 Add percentage on arrears for 1874&1875 Advertized Lands Rolls to 1866(say) 5000.00 Cr. By Receipts for 1874 1978.86 do for 1875 1113.80



40. An account is kept in the Ledger under the title of "Non-Resident Taxes" to the credit of which are carried the moneys received by the Treasurer on account of these taxes and the account, as it has been kept since 1869, is only useful as showing such receipts. It has no value otherwise. Such of these taxes as have been charged to the Collector are carried to the credit of this account and a few items returned by the Collector as Non-Resident and no reliable in--formation can be gained from it as to the state of the fund forming its title. We should recom--mend that the present Ledger account of this fund be closed and a new account opened to the debit of which there shall be carried the arrears and the annual additions as they are imposed or may accrue and to the credit of which there shall be carried all moneys received from this source.

#### 41. Miscellaneous Licenses:

Under this title a considerable revenue is derived for which no vouchers exist other than returns made from time to time by the Clerk to the Treasurer. The Clerk issues the Licenses, collects the fees and makes the returns. No verification of these returns is practically possible, and no check of any kind as to their correctness is afforded.

It would certainly be more satisfying to
Auditors and Ratepayers and it would doubt—
—less relieve the Clerk from an embarrassing posi—
—tion if this revenue were collected under a
system where the moneys went directly into
the Treasury, and where proper vouchers from



the Treasurer, Clerk, and any other Officers connected therewith, were prepared at this time and kept available at all times for the purposes of verification.

## 42. Police.

During all the time over which our enquiries extended the Town had had a Police Magistrate and an organized Police Force. The present Police Magistrate who has held the office since 1868 receives a Salary the amount of which is determined by the population of the Town according to the Statute in that behalf, and holds a daily Court, of which Court the proceedings are kept by the Clerk in a Record or Docket of the cases tried. The Clerk of the Municipal—ity is also Clerk of the Police Court and for his services as such Clerk of the Police Court, he also receives a salary.

43. We find that since his appointment

The Police Magistrate has always

contended and now contends that under his

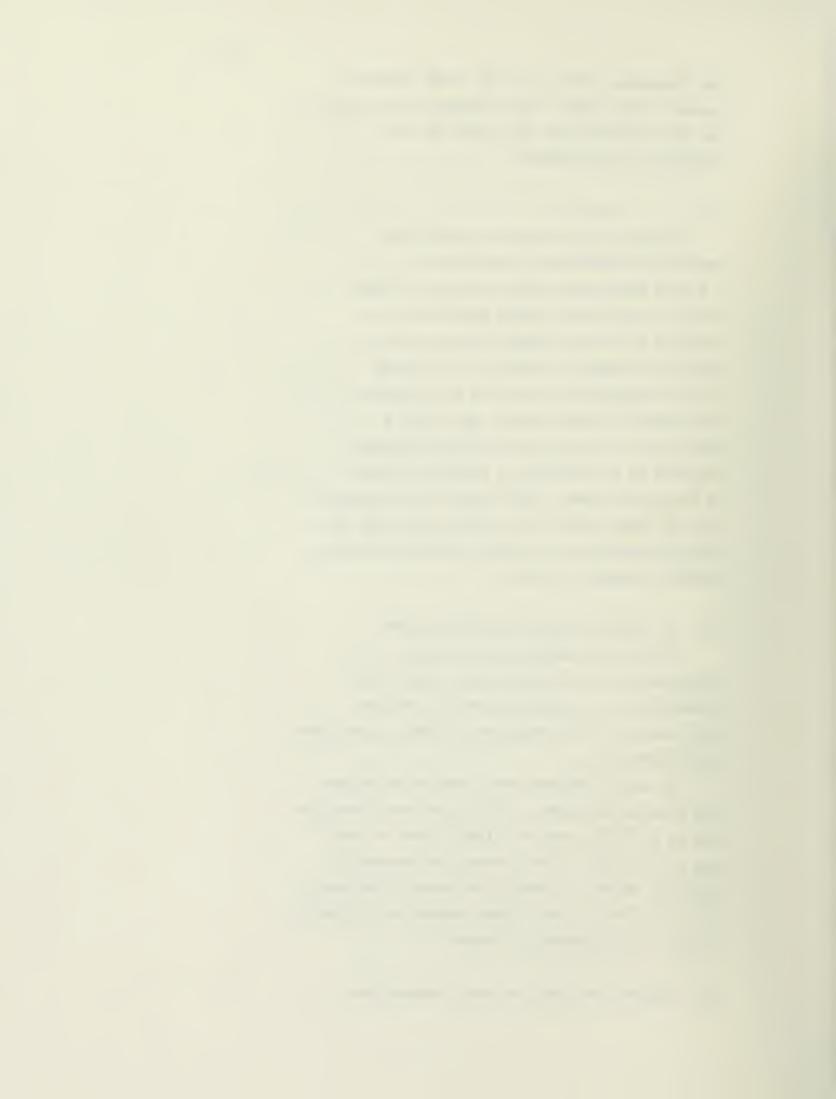
commission he is entitled, for his own use

and benefit, to the Magistrate's fees in any case

tried before him.

We also find that such fees in an ordina-ry case might amount to \$1.50 and vary from that
sum up to \$1.80, that no Clerk's fees as such,
and no Constable's fees except for service of
process, amounting usually to twenty five cents
for such service, are either imposed or collected
as part of the costs of a case.

44. And we find that the only revenue from



this source has, under the aforesaid contention and practice of the Police Magistrate been, and is, such portions of the fines and Constable's fees for service originally imposed by the Police Magistrate, as have been actually collected, and in as much no one would seem to have been ever charged with the specific duty of collecting such fines and fees it is not surprising to find that the amounts received have reached an almost irreducible minimum.

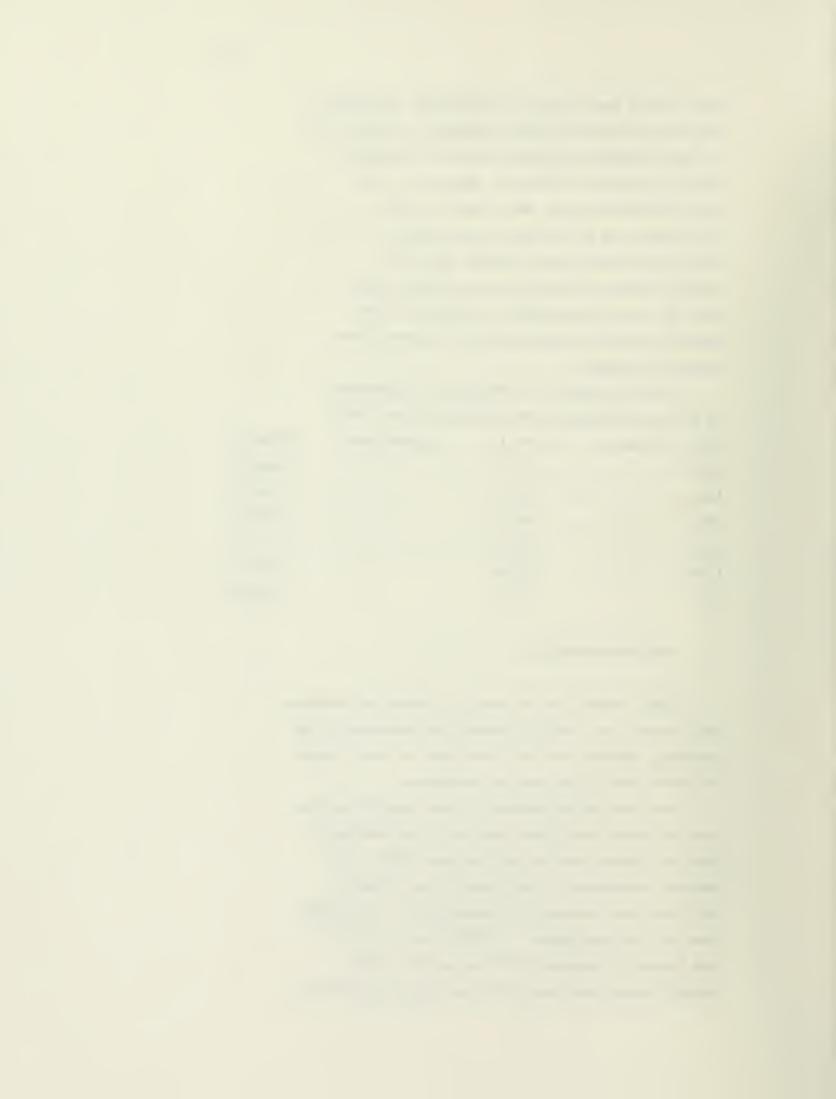
The following is a comparative statement of Police Revenue and Expenditure since 1868,

1869.	Revenue	\$185.10	Expenditure	\$2244.40
1870	11	325.15	11	2665.09
1871	11	220.50	11	2848.33
1872	11	184.45	11	3096.21
1873	11	251.75	11	4156.82
1874	*1	328.00	11	5125.55
1875	11	172.00	11	4928.66

### 45. Bank Accommodation.

This, though not strictly a source of Revenue, has latterly so lergely served the purposes of an incoming Revenue for the Town that we have placed it under this title for our purposes.

For the period covered by our enquiries, the Town accounts have been kept with the Merchants' Bank of Canada, and up to the year 1872, the amounts overdrawn by the Town at one time in any year were covered by deposits at a subsequent time in the same year. In 1872 the practice was begun of keeping the Town account permannently overdrawn, and from such small beginnings



this dangerous practice grew until in 1874 and the early part of 1875 there were no reasonable limits to the Treasurer's ability to procure money from the Bank.

We give below a statement showing the amounts over-drawn at the end of each year.

Over-drawn	31	December	1872,	\$5,291.59
11	31		1873,	38,319.37
11	31		1874,	65,336.22
11	31		1875.	56,581.34

Interest on this account at eight per cent is periodically charged and added to the amount.

### 46. Expenditure.

The Normal expenses of the Town in the ordinary spending departments have, from its situation, always been large, while the number and unfortunate history of its Bridges, and its position as a Railway Terminus have served to create the occasion and opportunity of and for extraordinary dis--bursements and liabilities.

- 47. In former years the corporation had made Improvement-Leases of certain portions of the corporate property and these Leases having expired the Tenants have recently sought and recovered compensation for their improvements which has made further additions to the expenditure not falling within the usual category.
- 48. We find that for a number of years past
  there has been a tendency on the part of a
  considerable number of the members of the Council,
  to frame Combinations for their mutual advantage and



to secure contracts with the Corporation for the benefit of each other, in which contracts the interests of Councillors were concealed by disguises so thin as not to bear slight examination.

This practice in direct violation of the Salutary provisions of the Statute in that behalf, had its largest development in 1873, nearly disappeared in 1875, and has as a natural result produced improvident Contracts and added materially to the annual expenses.

49. These expenses have also been increased by the exercise, on the part of the successive Councils, of a profuse liberality in organizing and sending abroad Deputations, and in providing for guests of the Corporation Receptions remarkable for their unstinted hospitality.

# 50. Hospital Lot.

This, although an isolated item of expen-diture, was urged upon our attention, and, having received to a certain extent, special consideration it is perhaps not desirable that we should now omit to mention it, as it will serve as one illustration of the proceedings of the Coun-cil, and will also serve as one of the Occurrences that giave rise to the dissatisfaction and want of confidence on the part of the Townspeople in the management of their financial affairs.

51. Many years since, the crown made
an allotment of a parcel of Land to
the Corporation for the purposes of a hospital.
Since then the Town has grown in that direction
until it was considered that the Site was too



near the business centre, and too far within a thickly populated district of the Town for hospital purposes.

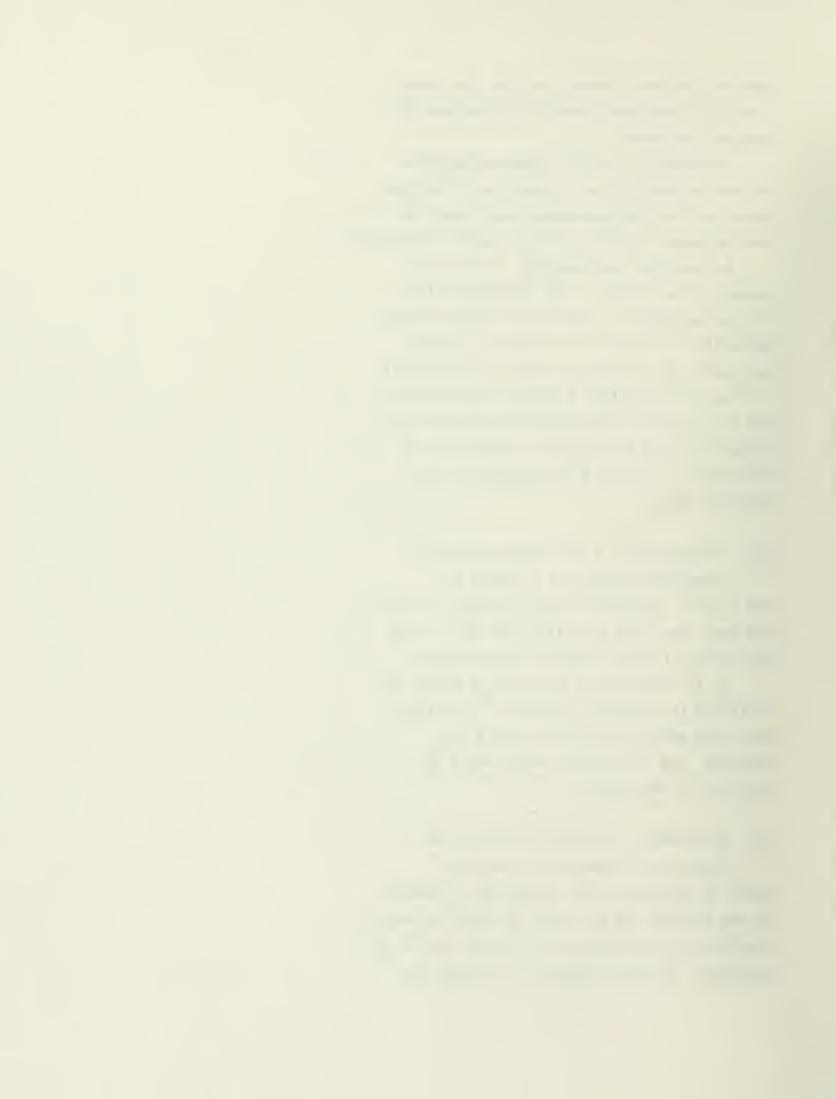
Accordingly, on the understanding that on the purchase by the Corporation of another suitable Site the Government would grant to the purchaser of the old Site a patent therefor,

a Committee was appointed in 1873 to procure a New Site and this Committee final—
-ly recommended the purchase of a lot in West Belleville at the price of \$1800; a By-Law was passed at the same meeting of the Council at which the Committee reported, authorizing the purchase and with extraordinary haste the transaction was subsequently carried out by conveyance of the land and payment of the purchase money.

52. The Vendor had a few days previously,
through the agency of a member of
the Council, purchased this lot which had then
for some time been for sale, for \$700. a sum
which seems to have been its utmost value.

It is alleged that the land is wholly un-suitable for hospital purposes. No efforts have been made to utilize it since the purchase, and its present value would ap-pear to be about \$500.

53. The Vendor, as well as those of the
Council who promoted the purchase
agree in testifying that no member or members
of the Council had any share interest or partic-ipation in the profits of the sale, and it is
therefore, the more difficult to assign any



## 54. Sinking Fund.

Except a Debenture of the County of Hastings for \$300 the Town has no Sinking Fund on hand. In preparing the yearly estimates however a certain sum has each year been put in the levy under this title, intended in a general way to cover the interest accruing on Debentures in the year, but otherwise, the provisions of the By-Laws creating the debts as to the Annual Special rates in the said By-Laws mentioned, appear to have been wholly disregarded.

Of the outstanding and unpaid Debentures of the Town \$14,000 held by the Trust and Loan Company and \$5000 held by A.S.
Brown have been for a long time overdue.

The aggregate of Annual Special rates provided for by the By-Laws creating the debts represented by the current out-standing and not over due Debentures is  $11^{-}$  Mills on the dollar. If to this be added a special rate sufficient to create a Sinking Fund to pay off the overdue Debentures within a reasonable time and so much of the principal of the current Debentures at maturity as is not yet provided for, it will be seen, that the annual charge for a Sinking Fund must be somewhat formidable; its pressure however, will be much relieved by the rapid increase in value of the rateable property.



55. The Deficit.

As we have already remarked, the
Books of the late Treasurer and the Report
of the Auditors for the last fourteen months
of his Treasurership when we began our enqui-ries showed an apparent excess during these
fourteen months in his receipts of cash
his disbursements of \$23,023.02

To which we find there is
to be added amount charged
in error to Harbor in March

1874 as paid to A. Watters 100.00
\$23,123.02

From which we find there
is to be deducted amount
charged once in error to Cash
by entering one and the same
sum as received from the
th
Collector on 29 Decr. 1874 and

2nd January 1875.= 1,784.25

And the Balance \$21,338.77 We find to be the actual excess of Cash receipts of Town moneys by the late Treasurer over his disbursements for Town purposes up to the time of his death, st

1 March 1875. This deficiency, so far as we could determine, accrued as follows.

In 1873 \$ 913.38
In 1874 \$ 15,717.73
In 1875 (2 months) 4,707.66
Total \$21,338.77

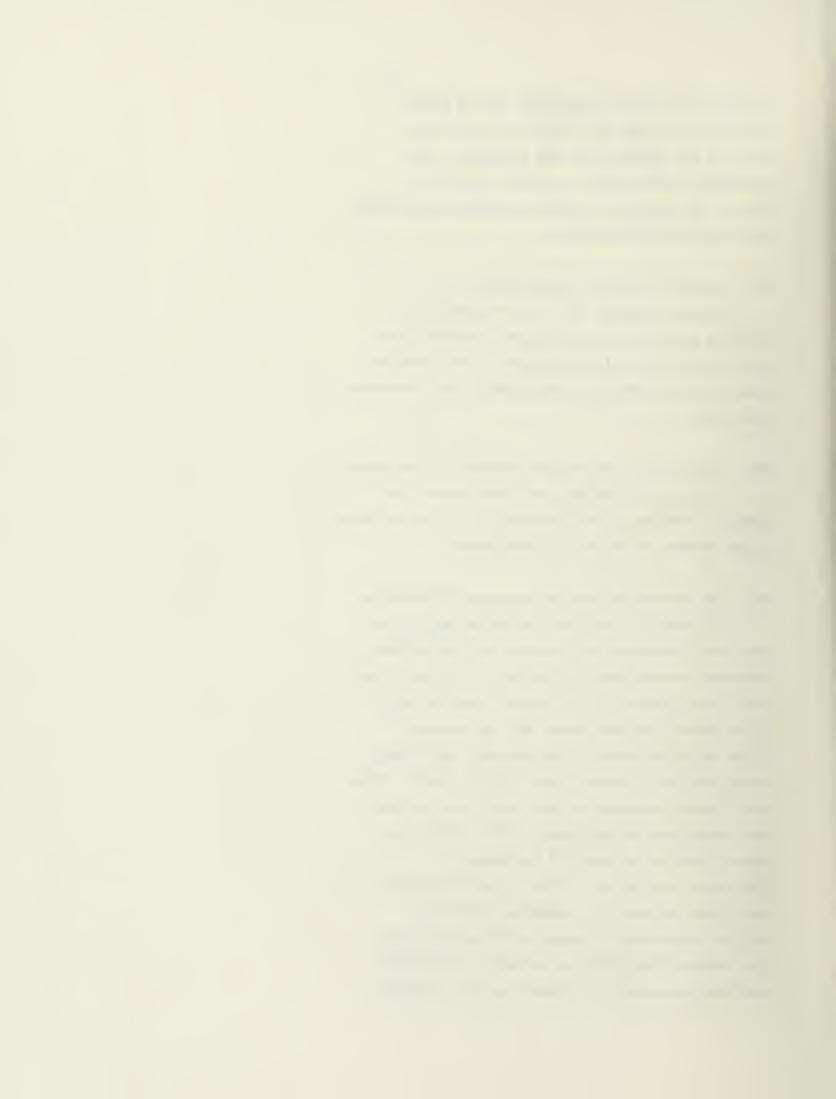
56. It having been represented to us, that it was impossible for the late Mr.

Davy to have used for his own purposes this amount within the period covered by the



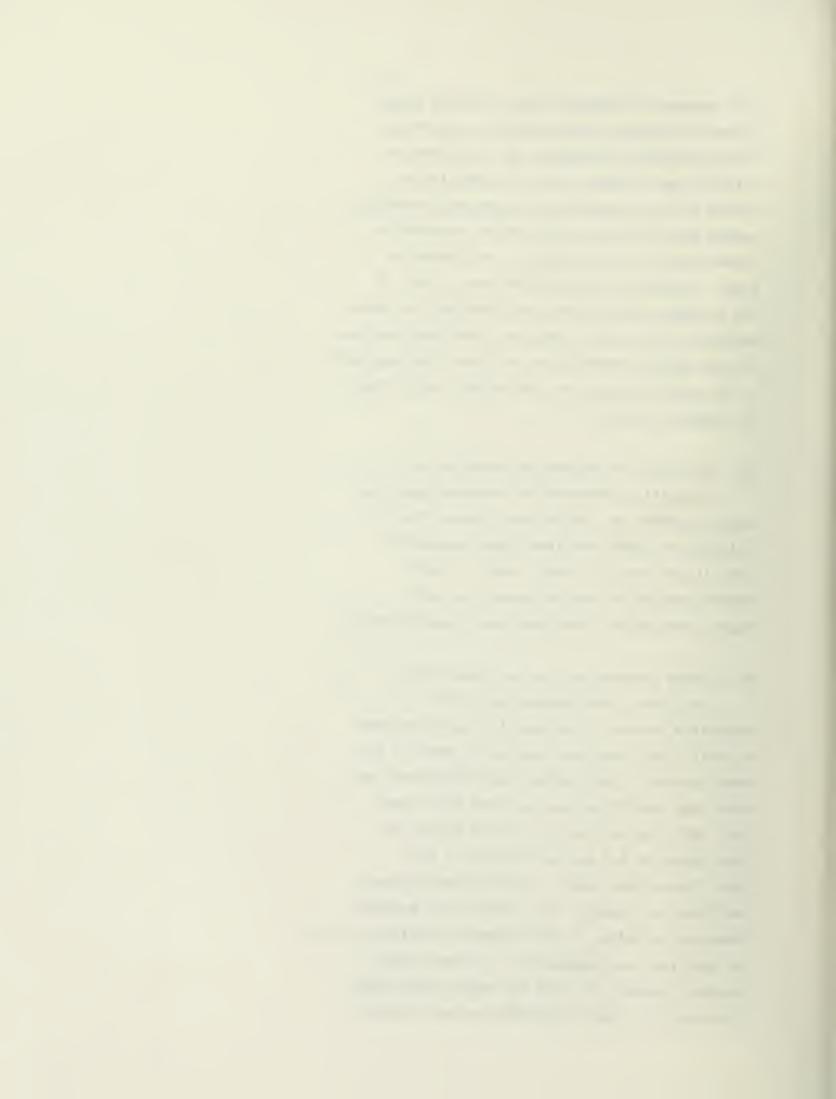
deficit, and that a suspicion that a large portion of it had been lent by him to members of the Council and not returned, was generally entertained, we have given this Matter our patient attention, minute examination and careful consideration.

- 57. Certain writings found after his decease amongst the late Treasurer's private papers were particularly pressed upon our attention as giving colour to the surmise that certain Members of the Council had borrowed the money.
- 58. Copies of these writing appear in the appen-dix to this Report as a portion of the
  Exhibits mentioned and referred to in the evidence
  taken before us under the Commission.
- 59. The investigation was necessarily slow and difficult. Besides his Municipal Office, the late Treasurer was engaged in the various business occupations of dealing in grain, hides, wool, hay, conducting a tannery, and in July 1874 became the part owner and in November 1874 the sole owner of the property and plant constituting a Circus Show. In his Grain, Hide, and Tannery business he was some times alone, and sometimes in partnership with others and when alone in one kind of business, was at the same time one of a Firm in another kind, and alway apparently conducted the whole of his operations by means of discounts with the Banks. The Books of account, Bill Books and Bank accounts of himself and his Partners



were examined in detail which from the large number of entries, the constantly recurring Bank operations by himself and the firms of which he was a member, and the complicated nature of the accommodation paper reciprocally passed from the one to the other, required a close analysis and consumed a considerable time. Neither our examination nor a part of the evidence was entirely satisfactory in these matters, but we were unable to trace any portion of the deficit directly to, or find that any part of it found its way into the Grain, Wool, Hide or Tannery business.

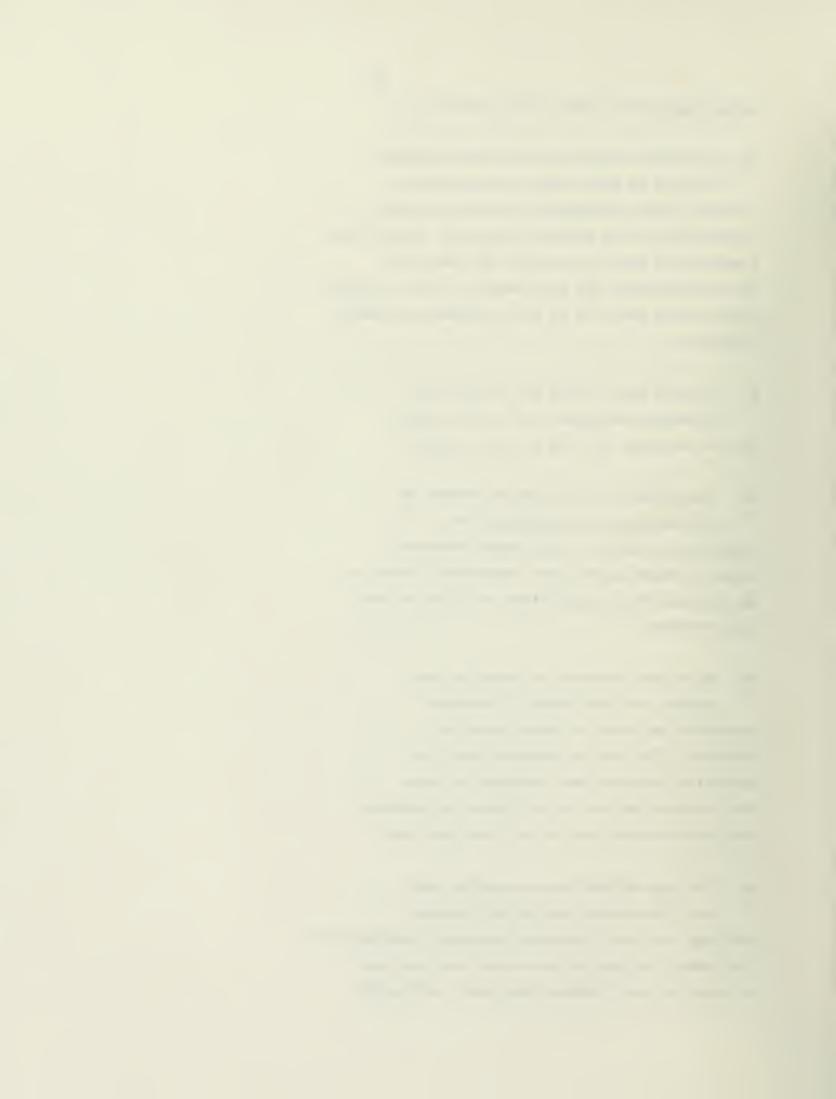
- 60. His Books of account afforded us no facilities whatever for ascertaining the money expended by him in the Circus. The evidence of those who from their connection with it and with Mr. Davy, ought to have been valuable for our purposes, was most vague, misleading, confused, and unsatisfactory.
- and doubt, and exhausting every
  available source of information upon the point
  we still feel that our conclusion must be in
  some resepcts little more than conjecture, and
  with this qualification, we find that from
  July 1874, up to the time of his death, Mr.
  Davy expended for and on account of the
  said Circus from six to ten thousand dollars
  and from the state of his private and business
  financial affairs, it is extremely difficult as to
  any portion, and impossible as to nay large
  portion thereof, to find the source from which
  the means for these expenditures were derived



unless they form a part of the deficit.

- 62. As to the residue of the said Treasurers deficit we made exhaustive enquiries, and have taken voluminous evidence, but the disposition of the greater portion of it has been a mystery so dense, and since the deaths of the Treasurer and his Book-keeper, so well secured, that we have found it to be a problem practically insoluble.
- 63. We find that it did not go for his household expenses, nor to his family, nor for anything for his or their benefit.
- 64. His habits for the period covered by
  the deficit were dissipated and
  rapidly grew worse. His personal expenses
  owing to these habits were undoubtedly large and
  may account for perhaps \$1000 or \$1500 of the
  said residue.
- 65. As to the surmises of which we have spoken, we have made all possible enquiries and taken a large amount of evidence. The parties against whom the suspicions pointed were examined on oath.

  The evidence was not in all cases satisfactory nor can we state that we are free from doubt.
- 66. The Councillors have severally upon oath repudiated having any improper dealings with the Treasurer, expressly contradicted the theory implied in the suspicions, and such of them, as were therein mentioned, have given



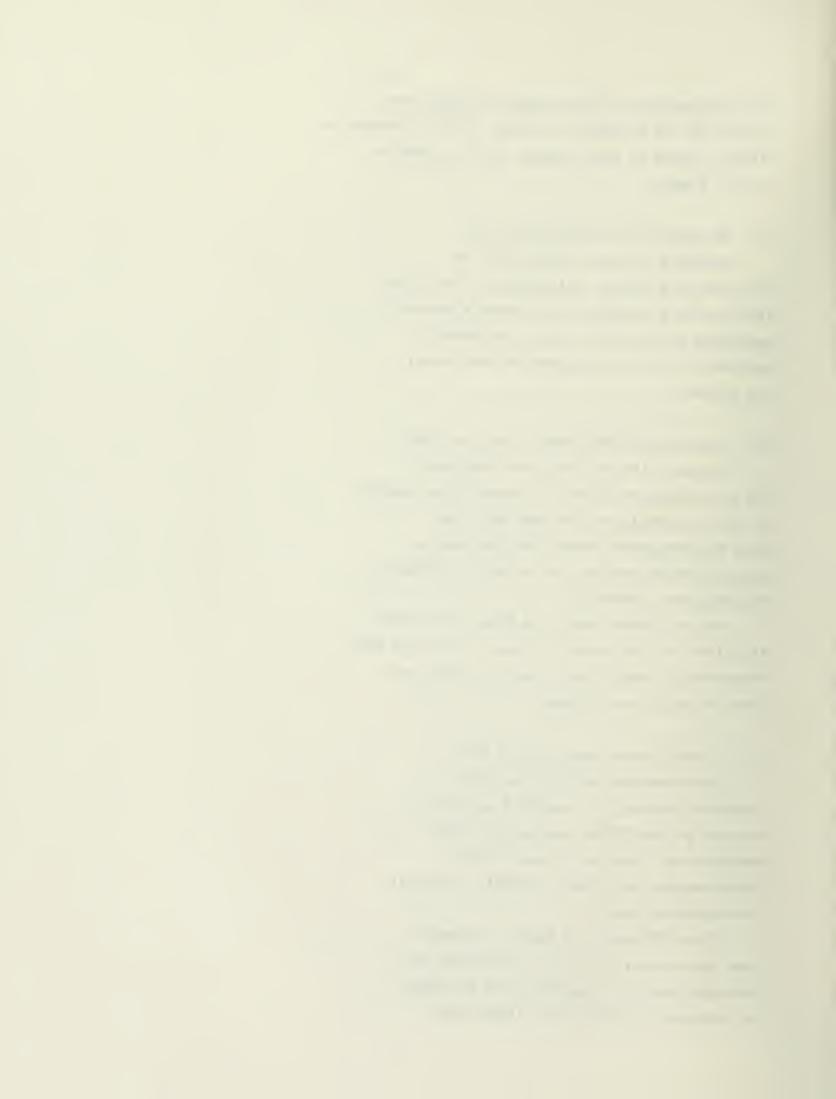
their explanation of the several writings men-tioned in the evidence, as found in the Treasurer's
Office, copies of which appear in the appendix
to this Report.

- 67. We submit the evidence and the exhibits with the remark that we find that the charge, allegation or suspicion that the late Treasurer had loaned the money composing the deficit or any considerable portion of it to the Members of the Council not proved.
- 68. The practice has been, since the Town account with the Bank was overdrawn, for the Collector either to deposit Town moneys to his own credit at the Bank and then give the Treasurer checks for the same as occasion might require, or to pay the money to the Treasurer directly,

In the former case, the Treasurer either deposited the Collector's checks to his own (the Treasurer's) credit, or, drew the money and kept it in his own Office.

69. A very large proportion of the disbursements made by the late
Treasurer during 1874 and 1875 were made on cash at his Office and except where vouchers are found all trace of such disbursements is either extremely difficult or altogether lost.

This difficulty we had to encounter from the outset. No entry or voucher nor pretended entry or voucher could be found to indicate the direction, disposition,



nature, or object, of the disbursements of the greater portion of the deficient Town Funds of which we were in search.

- 70. The late Treasurer could not, on our opinion, have met the current demands on the funds and still kept the disbursements so far below the receipts as to give him an opportunity to make such a default, but for the facilities within his reach for procuring moneys from the Bank. His over drafts on the Town account at the Bank during 1873, 1874 and 1875, easily explain the excess of receipts over expenditures in his cash account.
- 71. The practices of allowing the Collector to deposit moneys to any other than the Town account or to pay them directly to the Treasurer and off allowing the Treasurer either to draw the moneys in checks for large amounts without stating for what purpose such amounts are required, or to keep large amounts in his Office to meet current wants, have severally and collectively contributed as well to make such a deficit possible, as to make the subsequent tracing of it impossible.
- 72. For the last Fourteen months of his
  Official tenure, no reasonable limit
  was placed upon the facilities of the late
  Treasurer for procuring money. No super-vision of his account with the Town was
  exercised, and no precautions were taken



to prevent what has happened, and what nearly every business man within the Corporation seems to have anticipated.

73. In 1874 his embarking in a Circus, the withdrawl of one of his <u>Sureties</u>, the occurrence of a fire in his Office un-der very suspicious circumstances, and his habit of drinking to excess steadily growing worse to the point of incapacity, ought to have puttprudent people upon enquiry. enquiry.

### 74. Assets.

Of what are considered to be the Assets of the Corporation, the several parcels of Real Estate held by the Town with the Buildings thereon form a large part, and our statement of this part of them must neces-sarily be simply an estimate of their value at the present time, in our judgment, and that estimate will be subject to the manifold fluctuations in value of such property.

- 73. The Municipal Corporation, although not invested with the legal title, are the beneficial owners of certain School Sites, Buildings, and property and as they all represent to the full extent of their value moneys expended by the Town, we think they may fairly be counted for our purposes as part of the Assets.
- 76. As to the deficit against the late
  Treasurer, its value will altogether



depend upon the amount realized from his Sureties; upon such an hypothetical basis, we can form no opinion and with this explanation we place it with the Assets for whatever it may be worth.

Subject to the foregoing explanations we submit the following.

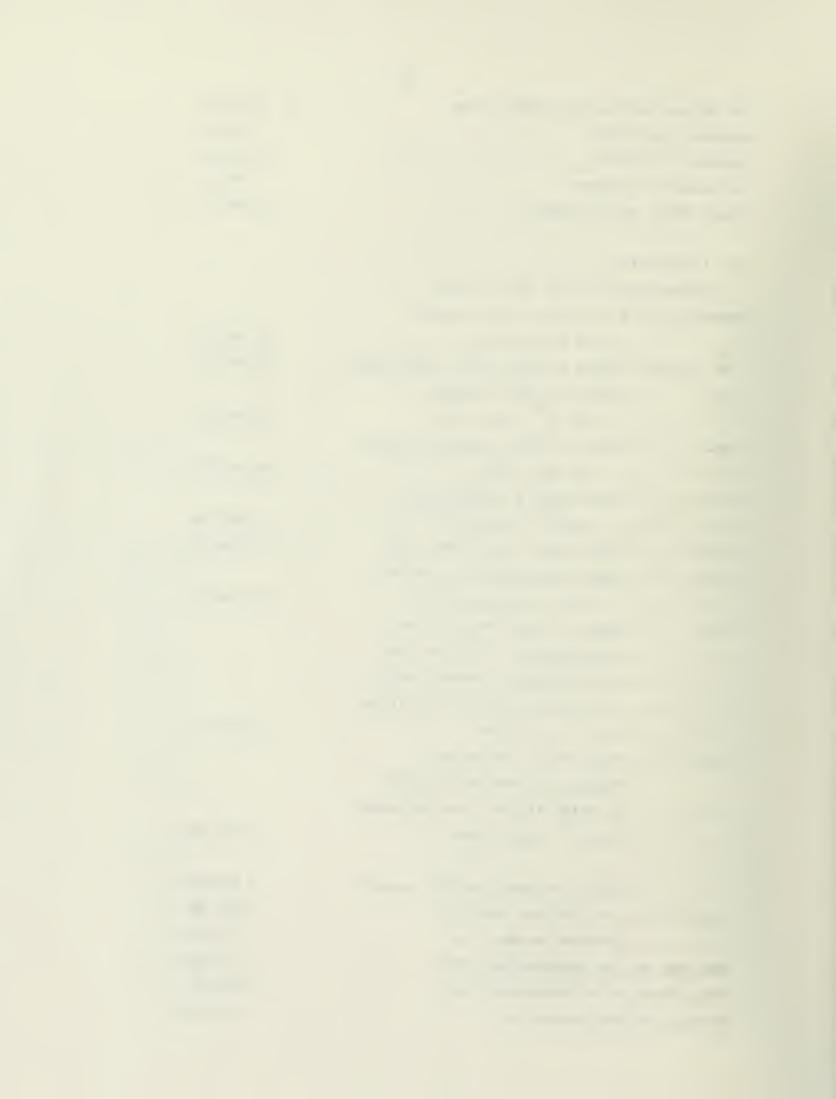
# 77. Statement of Assets and Liabilities of the Town of Belleville, 31 Decr. 1875,

#### Assets

Cash in Treasurer's hands	\$ 59.13
Amt. due by Estate of R.P. Davy & Sureties	21,338.77
Uncollected taxes for 1873, 1874 & 1875, \$77,269.40	
Less remissions, Collector's Commission	
and non-resident returns for 1873 & 1874, 6,268.52= -	71,000.88
Non-Resident Taxes	25,357.65
Advertized Tax Rolls to 1866	5,074.89
Harbor Dues uncollected in 1875	178.36
Mortgage on Gas Works	8,200.00
Stock in Gas Works Company	25,200.00
Debenture County of Hastings & interest accrued	372.00
Rents Receivable	1,156.25
Simpson Judgment	187.78
Fire Engines and hose	15,000.00
Real Estate	
Old Market-Lot	1,000.00
Market Lot and Building on Pinacle Street	7,400.00
Market Lot and Building on Front Street	39,000.00
Lot and Storehouse Leased to Downey	5,000.00
Water Lot Leased to Sills	800.00
Island	6,000.00
Waterlots Leased to Jones & Vandergen	3,000.00
Marsh	500.00
Marsh Leased to Flint	1,000.00



	29	
Old Police Station a	and Engine House	\$ 6,000.00
Hospital Lot (New)		500.00
Hospital Lot (Old)		6,000.00
Lot Leased to Simpso	on	175.00
School Sites and Bui	ildings	50,000.00
78. Liabilities.		
	28, Due in 1866	
Debentures held by T		
	e 26 May 1862	14,000.00
	e & Harbor, Due 7 Decr 1888	12,000.00
Do. " Market	: Lot and Building st	
Du	ue 31 July 1891	30,000.00
Do. "Bonus	to Grand Junction Railway,	
Du	le Novr 1890.	100,000.00
Do. " High S	School & Sinking Fund,	
Du	ie 8 Octr 1887	18,000.00
Do. "Foot B	Bridge, Due 6 Octr 1883	2,000.00
Do. "Steam	Fire Engine & Ferry Ship	
Du	ie 25 February 1894	20,000.00
Do. "Bonus	to Grand Trunk R. Co.	
for Wo	rkshops. \$50,000, One	
half d	elivered, residue held	
	Conditions are fulfilled	
Due 1	July 1894	25,000.00
Do. "Over d	rawn account at	
Mercha	nts' Bank for \$30,000	
of whi	ch \$13,000, not delivered,	
Due 21	st Decr. 1894.	17,000.00
Sundry	accounts of 1875 unpaid	8,978.26
Amt. due Co. of Ha	stings for 1875	4,456.80
we drawn Intere	stronado: Ban	342.00
Amer due Co. Fof Ha	stings for 1875	4,456.80
Over drawn acc at		56,581.34
Mortgage on New Ma	rket Lot	300.00



79. The evidence is contained in the depositions of the Witnesses and in the Exhibits men-tioned in such evidence.

We transmit herewith the depositions of the witnesses and copies of the Exhibits are given in the appendix accompanying this Report.

80. We desire to record our approbation of the present Treasurer, and acknowledg-ment of the kind assistance rendered by him and by the Auditors of 1875 to us on all occasions in prosecuting our enquiries.

The admirable Report made by these Auditors for 1874, and part of 1875, has not, we regret to say, been published, and its contents are known only to a small portion of those with whose interests it deals.

All of which is

Respectfully

Submitted

23 April, 1877

A.R. Morden

James McKibbin

Commissioners



### Appendix

Exhibit A.

Geo. E. Henderson

to be accounted for, Gov: Genl:

\$80.00

1 Septr. 74

Exhibit B.

Toronto, Septr 3, 1874

Messrs Henderson & Davy

To Queen's Hotel

To Board	\$12.00
Bar	6.90
Cash	35.00
Wine	10.00
	0.25
	\$64.15

Received payment

(Signed) Chas. P. Clemes

Exhibit C. th
Belleville, 7 July 1874

R.P. Davy, Esq.

Treasurer Corporation of Belleville.

Dear Sir,

Send me Fifty dollars to cover expenses self & Solicitor to Toronto in re ex. of limits & Div of Wards, any surplus will be returned.

(Signed) G.E. Henderson,

Mayor

(Endorsed in Mr. Davy's hand writing)
1874 July 7. Cash per Son \$527.



Exhibit D.

1874 Oct. 10 Lent W.A.F. Cheque for \$100.00

Exhibit E.

Belleville, 2 June 1875

E.W. Davy, Esq.

Dear Sir,

Mr. Thomas Holden's the Letter of 28 Inst. addressed to you demanding on behalf of the Administratrix of the Estate of the late R.P. Davy that certain papers and documents therein referred to should be delivered over as the property of the late R.P. Davy, namely,

An I.O.U. dated 23 March 1874 for \$12.00, signed by G.E. Henderson.

Note dated 17 March at 3 mos. for \$197. Signed by G.E. Henderson.

Letters dated 6 & 12 March 1874, by G.E. Henderson.

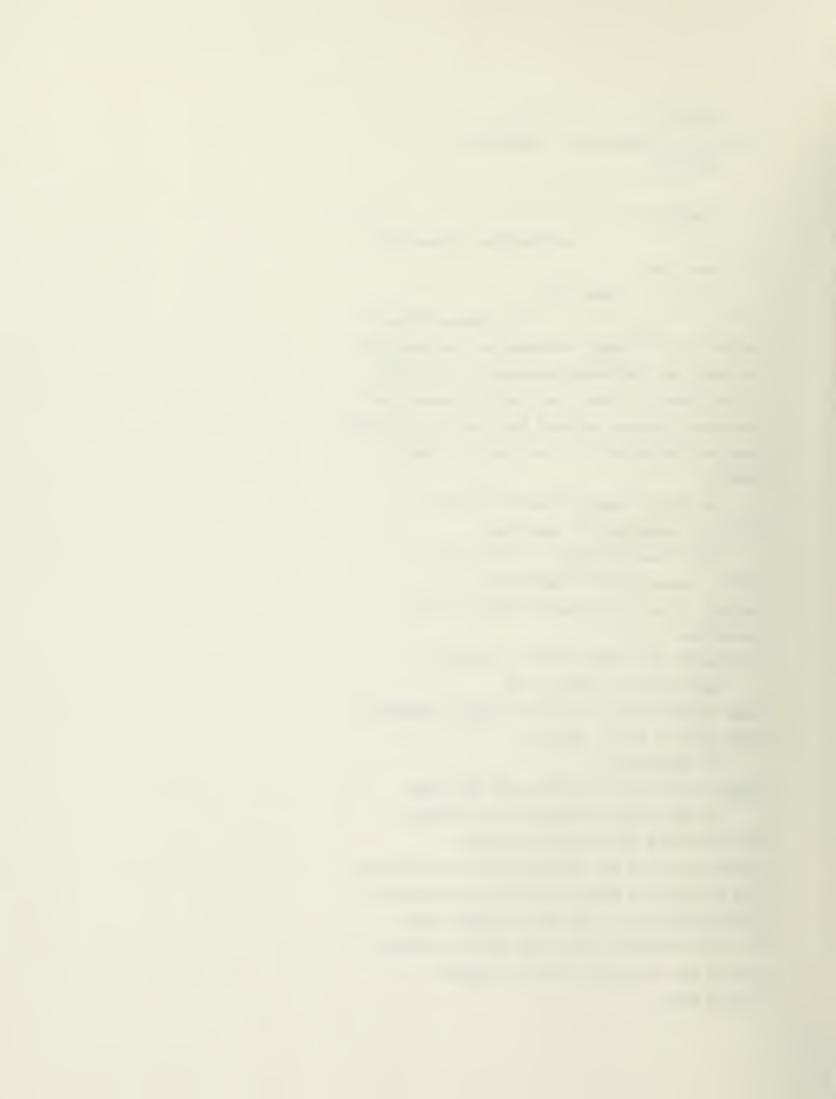
Note dated 21 Decr. 1874 for \$306.50 made by W.A. Foster & Co.

Memo dated 10 Septr. of \$50 to Capt. McIntosh Memo dated 6 Oct of \$200 to

W. Sutherland.

Papers relating to expenditures for Band

As the papers referred to on the face of them could not properly have any connection with the Corporation's transactions and having been found in the late Treasurer's private drawers, I can see no good reason for your detaining them, and would therefore advise you to comply with the demands herein made.



You will make a memo: of and take a receipt for all papers so delivered over and deposit the same with the papers and vouchers of the Office.

I am Sir

Your Obt. Servt

(Signed) L.H. Henderson

Treasurer, Belleville

(Endorsed) June 3 1875

Recd. from E.W. Davy the papers mentioned in within letter.

(Signed) Thomas Holden

Exhibit F.

Belleville, May 28, 1875

E.W. Davy, Esq

Treasurer of Town of Belleville

Dear Sir,

On behalf of the Administratrix of the Estate of the late R.P. Davy, I demand from you the following papers and documents in your custody the same being the property of the said Administratrix.

I.O.U. dated 23 March 1874, \$12.00

Signed by G.E. Henderson

Note dated 17 March at 3 mos: for \$197.00

Signed by G.E. Henderson

Letters dated 6 & 12 March 74 by G.E. Henderson

Note dated 21 Decr 1874 for \$306.50 made by

W.A. Foster & Co.

Mem: dated 10 Septr. of \$50 to Capt. McIntosh

Mem: dated 6 Octr. of \$200 to W. Sutherland

Papers relating to expenditure for Band

and all other papers, accounts, memoranda

and documents, the property of the late

R.P. Davy. Yours truly, (Signed) Thomas Holden

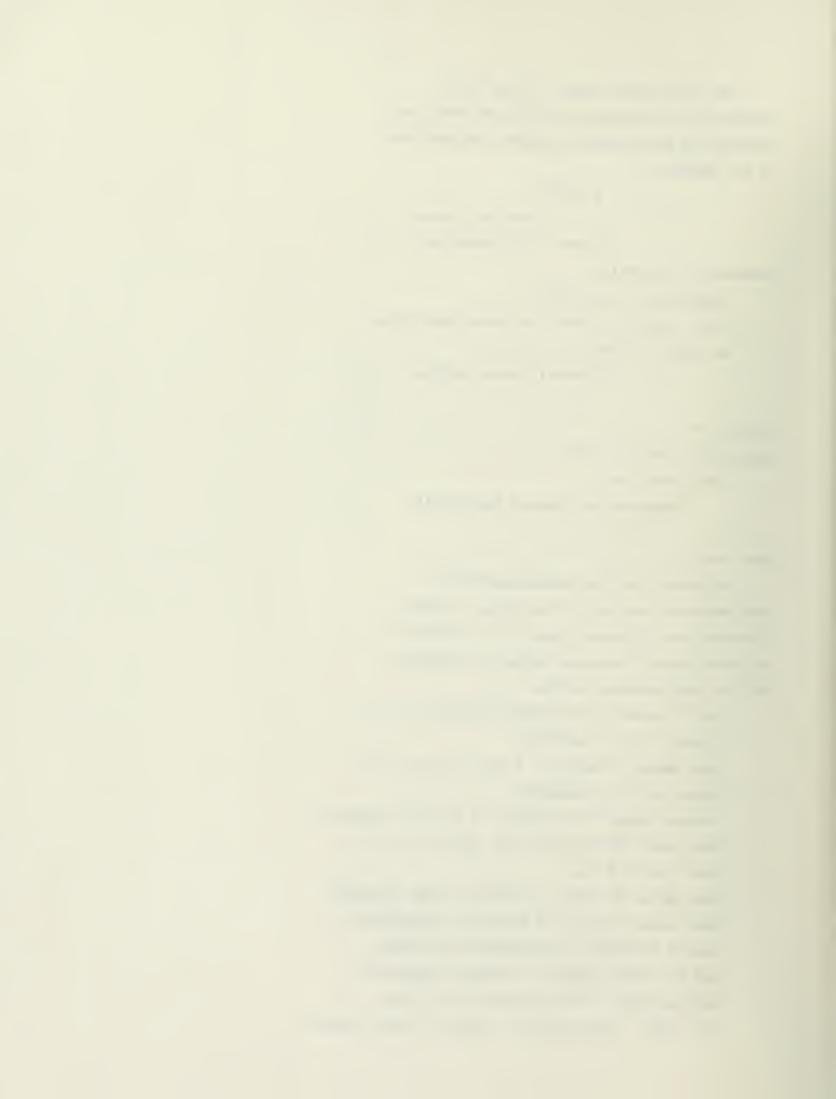


Exhibit G.

I hereby authorize Mr. Thomas Holden as my Attorney to receive from the Town of Belleville all property of the late Robert Perry Davy and to receive all moneys due him for Salary and passed to his credit by the Council.

May 31, 1875

(Signed) Hellen Theresa Davy

Exhibit H.

To the Manager of the

Merchants' Bank of

Canada, Belleville, 14 Decr 1874

Pay to W.A. Foster, Esq, or order Two

Hundred and fifty dollars on a/c of Streets.

\$250. (Signed) R.P. Davy

Treasurer, Belleville

Exhibit I.

Mar. 22 Paid Weller for Sutherland \$169.31 which

amt. was paid before to W.A. Foster per his order

from Weller. (Signed) E.W. Davy

Amt. paid Foster was \$250, which included the amount of the garnishee.

Exhibit J.

Insurance, R.P. Davy.

Ins: in Citizens, 7 days, on \$2500, retd: \$ 0.70

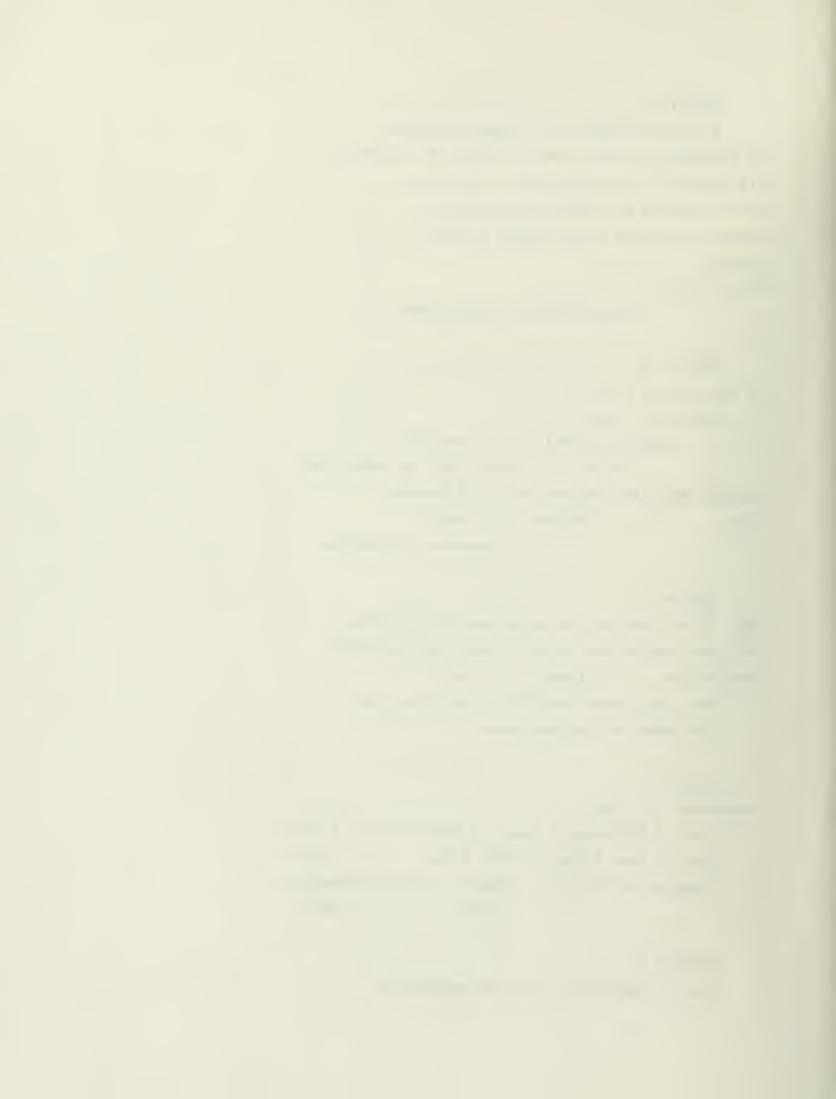
Ins: in Hand & Hand, \$2500, 7 mos. 30.00

Transfer of Policy to Fuller on Circus' Plant 0.50

Paid \$31.20

Exhibit K.

Geo. E. Henderson on a/c of expenses to



Toronto,

\$40.

28 July 1874.

Exhibit L.

G.E. Henderson

\$40.

Pay Expenses to Toronto to sell Debentures. st
Decr. 1

Exhibit M.

Mem,

County was not paid for 1873, \$4446.80 th th 19 Octr 1874 and I did not bring in Estimate for Interest on this sum. (Endorsed)

Printing. M. Bowell \$176.08 for voters Lists 19 Oct. 1874

\$850 for opening Denmark Streets 19 Oct 1874.

Exhibit N.

To the Mayor and Town Council of the Town of Belleville.

Will please take Notice, I now withdraw from the security of Mr. R.P. Davy, Treasurer for the Corporation, I been one of his sureties.

(Signed) James Kennedy

Dated Oct. 19, 1874.

Exhibit O.

Belleville, 26 Oct. 1874

Dear Robt.

I have to go to Kingston tonight and I want to raise \$100. B'k of Montreal will discount me a Note. Please put your name on as last endorser & Oblige
R.P. Davy, Esq. (Signed) G.E. Henderson

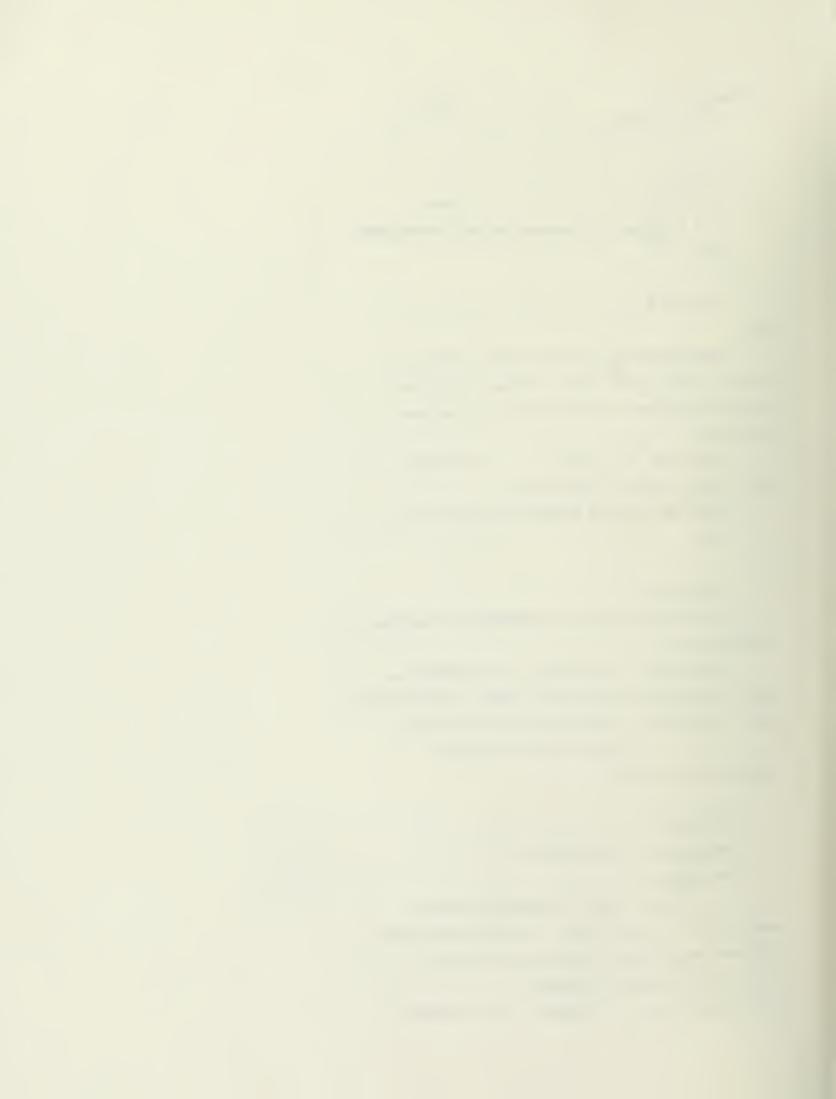


Exhibit P.

(One of the vouchers for 1876, and of no importance)

Exhibit Q.

Septr 2, 1874

Lumber delivered to Corporation of Belleville 43212 feet.

Exhibit R.

The Town of Belleville

To J.G. Barnes

45102 ft. 2 inch Plank @ \$11. \$496.12

Certified Correct

(Signed) W.A. Foster

(Signed) Richard Taylor

Chair St. Com.

St. Surveyor

Exhibit S.T.U.V.

(Torn pieces of the draft Report of the Auditors of 1875, referred to in the evidence of Messrs. Lynch & Bentley.)

Exhibit X.

Belleville, July 31, 1875.

To whom it may concern,

Certain rumors having been circu-lated around Town to the effect that we
were endebted to certain Members of the Town
Council for the facts and ideas contained in
our Report, thereby placing those Gentlemen
in a false position before the Public. We
hereby declare that every idea contained in said
Report are solely our own and consequently
assume the full responsibility of them.

The shortness of the time at our disposal



to make the Report (the Finance Committee being at the time in session) prevented our giving a more comprehensive Report and stating partic—ulars instead of giving it as we did in General and perhaps ambiguous language and we now hope and expect the Finance Committee will be pleased to return it to us that we may amend it.

(Signed) T.B. Bently

(Signed) P.P. Lynch

Auditors

Exhibits produced by Mr. Holden as part of the papers received from the late Treasurer's Office for his Administratrix.

Geo. E. Henderson

\$28.

to be accounted for.

24 Aug./74

T. Corbett

\$103.

W.A. Foster

loaned to Sutherland

\$200.

6 Oct. 1874

10 Septr 1874 Capt McIntosh

\$50.

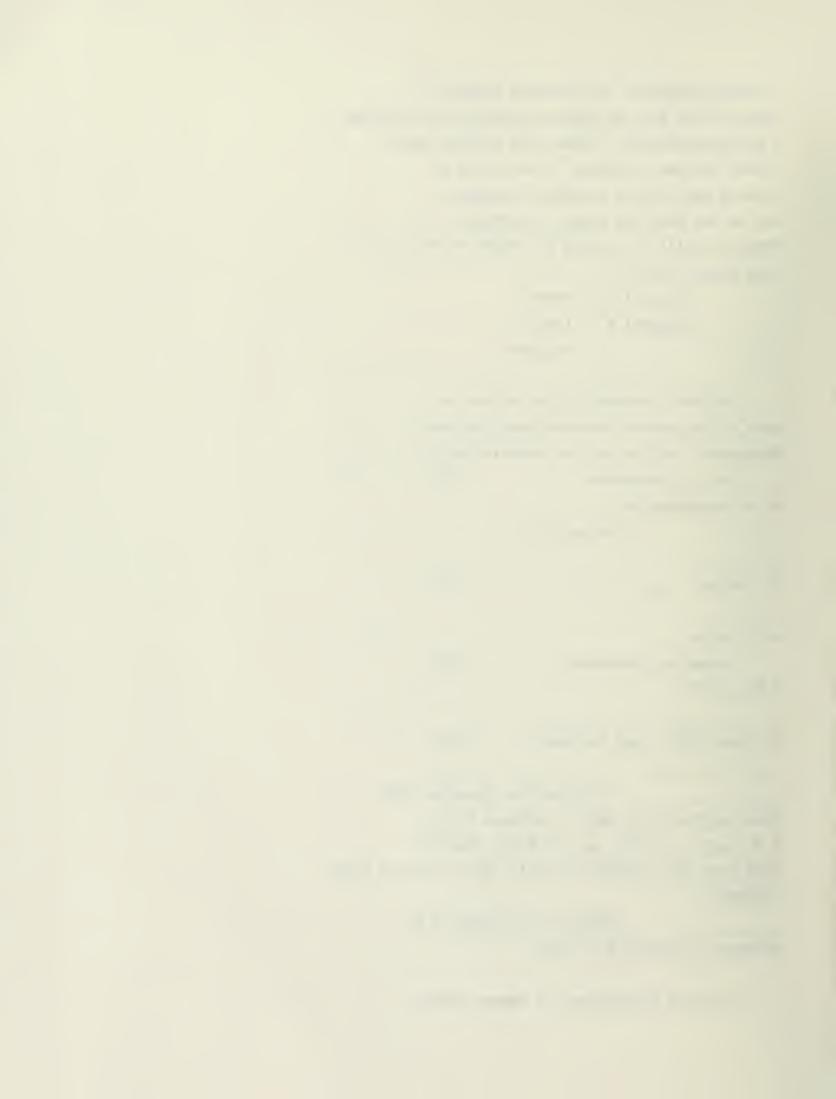
Belleville, December 1874

Three months after date we promise to pay R.P. Davy, on order, at the Royal Canadian Bank here three Hundred and six 50/100 dollars value received.

(Signed) W.A. Foster & Co.

endorsed, (Signed) R.P. Davy.

See also depositions of Thomas Holden



as to a great number and variety of papers received by him and produced on his examination.



Re Commission

Town of Belleville

Report

of Commissioners

